FISCAL NOTE

SB 2248 - HB 2706

February 10, 2000

SUMMARY OF BILL: Authorizes local education agencies (LEAs) to enter into contracts with non-public schools within or without the service area of the LEA, in order to alleviate overcrowding in its public schools, as an alternative to expending funds on capital improvements. Contracts are to be nondiscriminatory and must have parent or legal guardian approval for the child to attend such non-public school. The LEA shall continue to receive any state or local funding for such students as though such students were in attendance at the schools operated by that LEA.

ESTIMATED FISCAL IMPACT:

Increase Local Govt. Expenditures - Net Impact - Exceeds $100,000/Permissive

Based on information provided by the office of education accountability of the state comptroller's office eight high-growth local education agencies (LEAs) were identified. This was accomplished using 1998-99 adjusted average daily membership (ADM) counts and the average annual percent change in ADM since 1991-92. Overcrowding is defined as those LEAs gaining an average of 20 or more students per school with their current school facilities at maximum capacity.

The median annual price for sending a child to a non-church-related private school in 1997 was $4,885 according to the National Center for Education Statistics' Condition of Education 1999 report. The median price for elementary schools was $4,535 and the median price for secondary schools was $5,235. Total state and local revenues per pupil for the eight identified counties ranged from $4,151 to $6,362 for the 1998/99 school year. In six of the eight identified school systems experiencing overcrowding the amount of expenditures per pupil is below the 1997 median price of private schools. Assuming these eight systems chose to utilize private schools to reduce the system's population the amount of net increase in expenditures for these LEAs would be $1,260,403 using the 1997 median cost of private schools.

Transportation costs could increase if the LEA was still responsible for transporting these students, especially since the contract could include private schools outside the LEA.

Assumes a potential local cost avoidance (debt service) for capital improvements if a LEA opted to send children to a non-public school rather than build new school buildings. However, if school overcrowding was significant enough to require the building of a new school there may not be enough private school slots available in some locations to eliminate a systems overcrowding problem. To the extent that a school system was able to delay or replace construction of a new school that system would avoid the cost of debt service, however the amount of any such cost avoidance cannot be determined.

Estimate assumes the bill will not affect the amount of funding provided by the state through the BEP.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

James A. Davenport

James A. Davenport, Executive Director

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